

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**ENERGY DIVISION**

**RESOLUTION E-4616  
October 31, 2013**

**REDACTED  
RESOLUTION**

Resolution E-4616. Southern California Edison Company requests a resolution approving a change to the Point of Interconnection for the Silver State Solar Power South project. The Silver State Solar Power South, LLC power purchase agreement was previously approved by the Commission in E-4438 on February 12, 2013.

**PROPOSED OUTCOME:** This Resolution approves a change in the Point of Interconnection for the Silver State Solar Power South project.

**SAFETY CONSIDERATIONS:** Based on the information before us, the change to the point of interconnection in the PPA does not appear to result in any adverse safety impacts on the facilities or operations of SCE.

**ESTIMATED COST:** The incremental cost to interconnect at a different Point of Interconnection is approximately \$60 million.

By Advice Letter 2905-E filed on May 24, 2013.

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**SUMMARY**

**Southern California Edison Company's (SCE) request to change the Point of Interconnection (POI) for the Silver State Solar Power South project is approved.**

SCE filed Advice Letter (AL) 2581-E on May 6, 2011 requesting approval of a 20- year Purchase Power Agreement (PPA) with Silver State Solar Power South, LLC ("Silver State" or "Project"), a wholly-owned subsidiary of First Solar, LLC, which resulted from bilateral negotiations. The Commission approved the PPA in Resolution E-4438 on February 12, 2013.

In AL 2581-E, SCE originally stated that the 250 megawatt (MW) photovoltaic facility would interconnect into the California Independent System Operator (CAISO) balancing authority area at the proposed Ivanpah Substation, which will be built as part of the approved Eldorado-Ivanpah Transmission Project (EITP). According to SCE in AL 2905-E, SCE later learned that its identification of the Silver State project's POI in AL 2581-E was incorrect and that the real POI was the Primm Switchyard, which is not part of the EITP. The incremental cost for reliability network upgrades to interconnect at the Primm Switchyard versus the Ivanpah substation is estimated at approximately \$60 million. This incremental cost will be reimbursed by ratepayers through the Transmission Access Charge (TAC).

The following table summarizes the Project-specific features of the agreement as previously approved in Resolution E-4438 on February 12, 2013.

<b>Generating Facility</b>	<b>Type</b>	<b>Term Years</b>	<b>MW Capacity</b>	<b>Annual Deliveries</b>	<b>Online Date</b>	<b>Project Location</b>
Silver State Solar Power South	Solar PV	20	250	613 GWh	May 31, 2017	Clark County, NV

## **BACKGROUND**

### **Overview of the Renewables Portfolio Standard (RPS) Program**

The California RPS program was established by Senate Bill (SB) 1078, and has been subsequently modified by SB 107, SB 1036, and SB 2 (1X).<sup>1</sup> The RPS program is codified in Public Utilities Code Sections 399.11-399.31.<sup>2</sup> Under SB 2 (1X), the RPS program administered by the Commission requires each retail seller to procure eligible renewable energy resources so that the amount of electricity generated from eligible renewable resources be an amount that equals an average of 20 percent of the total electricity sold to retail customers in

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<sup>1</sup> SB 1078 (Sher, Chapter 516, Statutes of 2002); SB 107 (Simitian, Chapter 464, Statutes of 2006); SB 1036 (Perata, Chapter 685, Statutes of 2007); SB 2 (1X) (Simitian, Chapter 1, Statutes of 2011, First Extraordinary Session).

<sup>2</sup> All further references to sections refer to Public Utilities Code unless otherwise specified.

California for compliance period 2011-2013; 25 percent of retail sales by December 31, 2016; and 33 percent of retail sales by December 31, 2020.<sup>3</sup>

Additional background information about the Commission's RPS Program, including links to relevant laws and Commission decisions, is available at <http://www.cpuc.ca.gov/PUC/energy/Renewables/overview.htm> and <http://www.cpuc.ca.gov/PUC/energy/Renewables/decisions.htm>.

## **NOTICE**

Notice of AL 2905-E was made by publication in the Commission's Daily Calendar. Southern California Edison Company states that a copy of the Advice Letter was mailed and distributed in accordance with § 3.14 of General Order 96-B.

## **DISCUSSION**

**SCE requests that the Commission issue a resolution containing the following findings:**

1. The corrected POI for the Silver State project approved in E-4438 is the Primm Switchyard;
2. E-4438 is restated with the information provided in AL 2905-E;
3. Any other and further relief as the Commission finds just and reasonable.

**Energy Division Evaluated SCE's Request to Change the POI on the Following Grounds:**

- Price Reasonableness and Value

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<sup>3</sup> Decision (D.) 11-12-020 established a methodology to calculate procurement requirement quantities for the three different compliance periods set forth in Section 399.15 (2011-2013, 2014-2016, and 2017-2020).

## **Price Reasonableness and Value**

The Silver State project was negotiated as a bilateral contract after the close of SCE's 2009 RPS Solicitation. The contract was executed in February 2011, over a year after the 2009 solicitation. When the value, as measured by the net market value (NMV), and the price of the Silver State PPA are compared against the value and price of competing PPAs that bid into the 2009 RPS Solicitation, the Silver State PPA still compares favorably with the inclusion of the additional network upgrade costs to interconnect the project at the Primm Switchyard. The Silver State PPA also still compares favorably to PPAs that were executed in the same time frame.

The Commission finds that the value and price of the Silver State PPA is still reasonable and competitive when compared against SCE's 2009 RPS shortlist and other PPAs offered to SCE during the period that the Silver State PPA was negotiated and executed. See Confidential Appendix A for a value and price comparison of the Silver State PPA to its cohorts.

## **PROTESTS**

A late protest to AL 2905-E was filed, but not served, on July 24, 2013 by a private citizen, Shaun Gonzales. SCE filed its reply comments related to the protest letter on August 1, 2013.

Mr. Gonzales argues that the Commission should reconsider approval of the Silver State project because of uncertainty related to the permitting of the Silver State project site. SCE responded that the Silver State project was already approved by the Commission in E-4438 on February 12, 2013 and that any environmental issues are outside of the scope of AL 2905-E, which solely seeks Commission approval for a change in the POI of the Silver State project. Energy Division agrees with SCE. Any permitting concerns related to the viability of the Silver State project were already evaluated when the Commission approved the Silver State South PPA in Resolution E-4438. Further, Commission approval of the requested change in point of interconnection or PPA does not exempt the project from compliance with all applicable environmental laws nor does it limit the Bureau of Land Management or other appropriate agencies' review of project alternatives should the environmental reviews of the project require such analysis.

Mr. Gonzales also expressed concern that the increase in network upgrade costs is unreasonable. SCE responded that the total cost of the Silver State project still remains competitive when compared to other contracts executed in the same time frame. Energy Division agrees with SCE. Confidential documentation provided in AL 2905-E supports SCE's claim that the PPA still remains competitive when compared to other PPA's executed within the same time frame. See Confidential Appendix A for this comparison.

### **CONFIDENTIAL INFORMATION**

The Commission, in implementing Pub. Util. Code § 454.5(g), has determined in D.06-06-066, as modified by D.07-05-032, that certain material submitted to the Commission as confidential should be kept confidential to ensure that market sensitive data does not influence the behavior of bidders in future RPS solicitations. D.06-06-066 adopted a time limit on the confidentiality of specific terms in RPS contracts. Such information, such as price, is confidential for three years from the date the contract states that energy deliveries begin, except contracts between IOUs and their affiliates, which are public.

The confidential appendices, marked "[REDACTED]" in the public copy of this resolution, as well as the confidential portions of the advice letter, should remain confidential at this time.

### **COMMENTS**

Public Utilities Code Section 311(g)(1) requires that a draft resolution be served on all parties, and be subject to a public review and comment period of 30 days or more, prior to a vote of the Commission on the resolution. Draft resolution E-4616 was served to parties on September 30, 2013, and comments were received by Mr. Shaun Gonzales and SCE on October 10, 2013 and October 21, 2013, respectively.

Mr. Gonzales asserts that the Silver State PPA be compared to bids resulting from SCE's 2011 RPS Solicitation versus the 2009 RPS Solicitation because the change in POI reflects a material change in the contract because of the incremental cost to interconnect at the Primm Switchyard. Mr. Gonzales cites E-4545 as support for his argument which compares the Rice Solar PPA to bids resulting from PG&E's 2009 RPS Solicitation despite the PPA being amended and re-filed with the Commission in 2012. The Commission compared the Rice Solar PPA to an earlier set of cohorts versus the most current set of cohorts on the grounds that changes in the PPA were non-material. The Commission commented in E-4545 that if changes to the Rice Solar PPA were material than

the proper set of cohorts for comparison would be bids from PG&E's 2011 RPS Solicitation. Therefore, Mr. Gonzales believes that due to the material nature of the change in the POI, Commission precedent based on language in E-4545 should result in the Silver State PPA being compared to the most current set of available cohorts.

In its comments, SCE states that the Commission approved the amended Rice Solar PPA after a change in the POI which the Commission considered non-material. Therefore, SCE believes that the proper cohorts to use in the Silver State PPA are those from which the PPA originated and not from the 2011 RPS Solicitation implying that the change in the POI is non-material in nature.

SCE states in AL 2905-E, that the correction to the POI does not require any changes to the Silver State PPA that was approved in E-4438. However, the net market value of the Silver State PPA eroded as a result of the incremental cost of the interconnection at the Primm Switchyard because it is not part of the EITP which was originally assumed in Advice Letter 2581-E. Therefore, under these unique circumstances, the Commission is comparing the amended Silver State PPA to cohorts from the 2009 RPS Solicitation to be appropriate.

## **FINDINGS AND CONCLUSIONS**

1. The value and price of the Silver State PPA is still reasonable and competitive when compared against SCE's 2009 RPS shortlist and other PPAs that were offered to SCE during the period that the Silver State PPA was negotiated and executed.
2. The Shaun Gonzales protest should be denied.
3. The confidential appendices, marked "[REDACTED]" in the public copy of this resolution, as well as the confidential portions of the advice letter, should remain confidential at this time.
4. AL 2905-E should be approved effective today.

**THEREFORE IT IS ORDERED THAT:**

1. The corrected Point of Interconnection for the Silver State project approved in E-4438 is the Primm Switchyard.
2. E-4438 is restated with the information provided in AL 2905-E.

This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on October 31, 2013; the following Commissioners voting favorably thereon:

/s/ PAUL CLANON  
PAUL CLANON  
Executive Director

MICHAEL R. PEEVEY  
President  
MICHEL PETER FLORIO  
CATHERINE J.K. SANDOVAL  
MARK J. FERRON  
CARLA J. PETERMAN  
Commissioners

## Confidential Appendix A

### Price Reasonableness and Value

[Redacted]